



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: August 24, 2004
TO: Wisconsin Deferred Compensation Board
FROM: Shelly Schueller, Director
Wisconsin Deferred Compensation Program
SUBJECT: Janus Fund Removal

The Wisconsin Deferred Compensation (WDC) Board Investment Committee met on August 19, 2004, to review the performance of the Janus Fund. As a result of their review, the Investment Committee determined that the Janus Fund is no longer desirable as an investment option for WDC participants. The Investment Committee is recommending the following to the WDC Board for their consideration and action:

- Removal of the Janus Fund from the WDC core spectrum for failure to meet performance benchmarks and continued concern regarding management changes, market timing and late trading problems.

If the Board approves the Investment Committee's recommendation, the established fund phase-out process will be followed. Participants will be informed of this decision via the WDC newsletter, *Money Talks*, in October 2004. Letters will also be sent to participants recommending that they redirect current deferrals to other options by July 1, 2005. Any remaining account balances must be exchanged to alternative options by December 31, 2005.

Background

The Janus Fund provides WDC participants with a large cap growth option. The Janus Fund lagged its large growth category peers from 2000 to 2002, and in late 2003 the parent company, Janus Capital Group, became embroiled in the investigations into market timing and late trading by mutual fund companies. While not impacting the Janus Fund manager directly, the result of these investigations has been overall management and organizational changes at Janus Capital Group. In addition, Janus continues to experience a large withdrawal of institutional fund assets.

As a result of the 2003 investment performance review and concern with overall direction and management at Janus Capital Group, the Board closed the Janus Fund to new participants effective June 1, 2004. This information was announced in a special letter mailed to all WDC participants and in *Money Talks*. Some participants heard the Board's message and have already moved out of the Janus Fund. As of June 30, 2004, there were 18,048 WDC participant accounts in this fund, which is a decrease of 2,264 participants since January 1, 2004.

Reviewed and approved by Pam Henning, Office of Strategic Services

Signature

Date